

GREAT PROFITS IN TOBACCO

PART II. OF COMMISSIONER OF CORPORATIONS REPORT.

It says the American Company has a virtual monopoly of the industry and that its profits have been enormous. Most of which went to "insiders."

WASHINGTON, Sept. 24.—Commissioner of Corporations Herbert Knox Smith has completed and made public part two of his report on the tobacco industry in the United States. The Commissioner's report says that there is no doubt that the company has a virtual monopoly of the business, a monopoly which began in 1880 and has continued down to date. The report deals with earnings, capitalization and investment and discloses the fact that the stockholders of the companies that make up the American Tobacco Company during the past twenty years have made enormous profits and that "insiders" have been the chief beneficiaries.

The tobacco combination had its origin in 1880, according to the report, in the formation of the American Tobacco Company, capitalized at \$25,000,000, which concern combined the five leading cigarette manufacturers of the country and thus obtained control of over 90 per cent. of the country's cigarette output, shortly going into the smoking tobacco business and then the snuff business. This was followed by the organization of the Continental Tobacco Company, which took over the plug tobacco business of a large number of independents.

Later the American Cigar Company was formed and still later the Consolidated Tobacco Company, a holding concern with a capitalization of \$30,000,000, later increased to \$40,000,000.

"In 1904," says the report, "the American and Continental Consolidated companies were merged into the present American Tobacco Company, the central concern of the combination. Control of the American Tobacco Company is vested in the common stock, which forms only about one-sixth of the entire capitalization, but which in recent years has received nearly one-half of the entire earnings as dividends."

Commissioner Smith says that the investigation shows that there was a heavy overvaluation of the good will of the parent companies.

"The good will acquired by the parent group of concerns has been enormously overvalued on their books," he says. "This total book value of the good will at the close of 1908 was almost \$105,000,000. The bureau on the other hand has computed the original cost on a cash basis at approximately \$39,000,000, or only about 37 per cent. of the value entered upon the books."

In submitting the report to the President Commissioner Smith summarizes it in part as follows:

It shows the vast earning power that arises from substantial control of a large industry. The great tobacco combination which centres round the American Tobacco Company started in 1880 with \$25,000,000 capitalization, operating only in cigarettes. By 1908 it controlled about four-fifths of the whole domestic tobacco industry, except cigars, and its net capitalization exceeded \$135,000,000. This concentration is the basis of the combination's great earning power. High rates of earnings have gone with monopolistic control of the industry, and the less the degree of control the less the rate. The proof of this follows here:

In 1900 the combination's earnings were over 18 per cent. on the actual investment. They rose in 1901 to more than 21 per cent. It was then operating principally and with practically a monopoly in cigarettes. In 1905 came expansion into other branches, a keen competitive struggle and a sharp drop in earnings. But by 1906 the combination's domination of the whole industry took effective shape. Its earnings from that date cover the great bulk of the industry. In 1901 they were 13 per cent., in 1904 over 16 per cent., and from 1904 to 1908 the average was 19 per cent., or \$11,000,000 yearly.

Earnings in particular branches. Here appears even more strikingly the earning power of concentrated control. In the snuff business the combination has an almost complete monopoly—98 per cent. of the whole business. From a rate of less than 9 per cent. in the first year 1900 the earnings rose in 1902 to 15 per cent., and in 1906 to over 22 per cent. The common stock of the snuff company, originally all "water," paid 20 per cent. dividends in 1909 and 27 per cent. in 1910.

In the highly controlled "smoking tobacco" business the average earnings of its important subsidiaries increased from 17 per cent. in 1900 to 25 per cent. in 1908.

Conversely the subsidiaries engaged in the flat plug business, with more active competition, in no year earned 19 per cent., in 1908 less than 8 per cent.

Finally, in the cigar business, of which the combination controls not over 15 per cent., its rate of earnings has never exceeded 9 per cent., and from 1904 to 1908 averaged less than 6 per cent. This business, moreover, showed exceedingly heavy losses in 1902 and 1903, in 1904 was severe competition and low earnings.

On the subject of "insiders" profits the report says:

Through adroit and frequent adjustments of the securities of the combination a very large part of its great earnings have gone to a small group of insiders, who have throughout retained substantial voting control. These insiders in 1901 induced the common stockholders of the old American and Continental companies to surrender their stocks for 4 per cent. bonds of the new Consolidated Tobacco Company, thus securing for the common stock of the Consolidated most of that date had liabilities of \$295,378,055 and its cash available was \$12,391,545. The liabilities of the Deutsche Bank were \$472,937,185 and its cash in hand at call and short notice \$83,420,945. On the same date the Manchester and County Bank, with liabilities on June 30, 1910, of \$55,002,320, or nearly one-sixth of the liabilities of the Deutsche Bank, had in hand, at call or at short notice, \$10,618,930. The corresponding figures for the London and South Western Bank on the same date were \$93,295,370 and \$21,137,075. And the Dresdner and Deutsche banks stand conspicuously high among German banks in the matter of liquid resources. The disproportion between liabilities and readily available cash is in most cases in Germany much greater.

Of the book profits of the new American Tobacco Company in 1910 not the "earnings" as revised by the bureau, namely, \$35,000,000, only about \$1,300,000 went to the holders of the \$100,000,000 bonds, \$4,700,000 to the holders of the \$75,000,000 preferred stock, leaving no less than \$25,000,000 for the comparatively small number of holders of the \$30,000,000 common stock, which alone has voting power. This was over 60 per cent. on the common stock one year, not including extra dividends of subsidiary companies. In short the bulk of the earnings of this great combination, increased by monopolistic power, has by clever arrangement of capitalization been more and more centred in a very small group of individuals.

The combination's history therefore shows these foremost facts. The earning power of a monopolistic position in a great industry, also the concentration of the resulting wealth in a few hands, through control of the voting security issues.

HIS BAND LEADER A HEARSE.

Startling Enterprise of an Undertaker Who Wants to Be Sheriff.

NEW BRUNSWICK, Sept. 24.—A big automobile hearse rolled into town yesterday with its sides plastered with advertisements to "Vote for Thomas F. Burke for Sheriff. Democratic nomination." Mr. Burke is a Perth Amboy undertaker who recently thought that what is good for his business is good for the public. To see this campaign attracted attention would be to put it mildly.



Fall is officially here. We start with a greater stock of suits than ever before at this season—greater in numbers, greater in variety.

We're always optimists on our business prospects. More imported cloths this season—tweeds and Scotch cheviots—in more cheerful colors.

Some of our suits are cut on a new English model that's especially worth seeing. Fall suits, \$18 to \$48.

Fall means light overcoats—evenings are apt to be chill. Some of our fancy cheviots make mighty attractive coats.

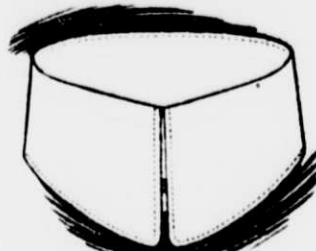
ROGERS PEET & COMPANY,

Three Broadway Stores

at at at

Warren St. 13th St. 34th St.

A Perfect Collar



The new
RED-MAN

EARL & WILSON.

GERMAN AND ENGLISH BANKS.

Differences in the Amount of Reserve in the Two Countries.

LONDON, Sept. 16. The semi-panic which so recently demoralized the Berlin Stock Exchange has drawn general attention here to the differences that exist between German and British banking. German banks do a kind of business that English bankers avoid, because it locks up their available assets. For some years past in Germany businesses have been begun and continued upon borrowed money and have been financed by German banks. The businesses have prospered and the banks have benefited, but in an emergency, if the money that has been invested in these businesses is required, it cannot be repaid at short notice. German banks have also entered into heavy financial obligations in Turkey. Much French money that has found its way into Germany has, as is of course well known, been recalled since the Moroccan trouble. The abstraction of French money on the one hand and the locking up of German bankers' money in business ventures on the other is sufficient to account for the panicky feeling that seized upon bourse speculators and savings bank investors at a time when anxiety had become keen respecting the relations with France and England.

British bankers are more conservative than German. They keep a much larger proportion of cash in hand and at call available for a time of pressure. British joint stock banks have 15, 20 or 25 per cent. of their liabilities in cash or instantly available as cash at call. In the case of German banks, on the other hand, 3 per cent. is about the amount they can immediately command. On this account it is thought by many that in such a time of stress as might fairly easily occur the German Government would have to proclaim moratorium.

The difference referred to between the practice of German and English banks, where available cash reserves are concerned, may be judged by comparing the official figures of two or three representative banks. The German figures are those for December 31, 1909, the most recent here available. The Dresdner Bank on that date had liabilities of \$295,378,055 and its cash available was \$12,391,545. The liabilities of the Deutsche Bank were \$472,937,185 and its cash in hand at call and short notice \$83,420,945. On the same date the Manchester and County Bank, with liabilities on June 30, 1910, of \$55,002,320, or nearly one-sixth of the liabilities of the Deutsche Bank, had in hand, at call or at short notice, \$10,618,930. The corresponding figures for the London and South Western Bank on the same date were \$93,295,370 and \$21,137,075. And the Dresdner and Deutsche banks stand conspicuously high among German banks in the matter of liquid resources. The disproportion between liabilities and readily available cash is in most cases in Germany much greater.

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James McCreery & Co.

23rd Street

34th Street

On Monday and Tuesday,
September the 25th and 26th

BLANKET DEPARTMENTS. In Both Stores.

Blankets and Bed Spreads.

Fine White California Wool Blankets.
Full size, 4.75 and 5.75 per pair
Marseilles Bed Spreads, with scalloped
edges and cut corners, satin finish. Double
bed size, 3.50 and 5.00 each

LINEN DEPARTMENTS. In Both Stores.

Satin Damask Table Cloths.....
1.50, 2.50, 3.00 and 4.50 each
usual prices 2.00, 3.00, 3.75 and 4.00
Napkins to match.....
2.25, 3.25 and 4.00 per dozen
usual prices 2.50, 3.75 and 4.75
Rose Scalloped Madeira Tea Napkins.
4.50 per dozen
usual price 6.00
Hemstitched Drawn Work Squares,
30 x 30 inches. 2.00 each
value 3.00 to 4.00
Hemmed Muslin Sheets.....
75c, 85c, 95c, 1.05 and 1.10 each
usual prices 90c, 1.00, 1.15, 1.20 and 1.30

ORIENTAL RUGS. In Both Stores.

At greatly reduced prices.

Commencing Monday, September the 25th

Turkish Rugs in all carpet sizes.....
60c per sq. ft.
Size 9 x 12 ft. 65.00
usual price 85.00
9 x 12 ft. and 10 ft. 6 in. x 13 ft. 6 in.,
extra Persian Mahal Rugs.....
100.00 and 135.00
usual prices 135.00 and 185.00
Antique Mosul and Kurdistan Rugs.
Average sizes 3 x 6 ft. and 3 ft. 9 in. x 7 ft.
15.00 and 19.50
usual prices 25.00 and 30.00

James McCreery & Co.

23rd Street

34th Street

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34th Street

SILK DEPARTMENTS. In Both Stores.

"McCreery Silks"

Famous over half a Century.

Complete assortment of the latest
colors and black in Plain and Novelty
Silks, Velvets, Velvetene, Corduroy and
Dress Goods.

On Monday and Tuesday,

September the 25th and 26th.

15,000 yards of new fashionable Silks.
Black with colored border. 42 inches
wide. 1.25 per yard

DRESS GOODS DEPTS.

10,000 yards, All Wool Suitings in
Homespun and Cheviot weaves, especially
adapted for Tailor-made Suits. Sponged
and shrunk. Dark Navy and Old Blue
and Black. 42 to 46 inches wide.....
85c per yard
value 1.50

James McCreery & Co.

23rd Street

34th Street

MORE TRADE: LOWER PRICES.

Features of the Week in Iron and Steel—
1912 Pig at \$13 Furnace.

PITTSBURGH, Sept. 23. Somewhat of an improvement has been noted in the iron and steel market, but there has been a corresponding sacrifice in prices at which new business has been accepted. Price cutting continues in all lines of iron and steel, excepting standard rails, and producers are becoming more secretive as to their actual concessions.

For a long time producers of pig iron have refused to quote prices on pig iron for next year's delivery except at a big advance over prompt sales. Buyers have refused to place contracts, being under the belief that better terms could be secured by holding off. During the week a sale of 1,000 tons of basic iron was made at \$12.90

at furnace, which is 40 cents per ton below the lowest sales of the year. As a result, other pig iron producers decided to take business for next year on this grade at \$13 furnace and offerings are being made for deliveries during the first six months of 1912 at this price.

No decision has been reached regarding foundry iron, but it is looked for in bessemer. The latter has been quoted at \$15 valleys, but it is rumored that \$14.50 can be done.

There have been no sales. Malleable iron will be quoted at the same base as basic iron, while gray forge is selling at \$9.75. Despite the numerous lettings of structural contracts there has been a decline in shapes from \$11.35 to \$11.20. There is much structural work pending and the mills are fairly active filling previous contracts. The low price of steel plates is attracting some railroads which have to have extra

Stern Brothers

Special Sales To-day

in the following departments:

Lace Curtains and Upholstery Fabrics,
Cloaks and Wraps,
Women's Waists and Blouses,
Dress Silks,
Housekeeping Linens.

West 23d and 22d Streets

Stern Brothers

direct attention to their new

DRESSMAKING SALONS

On the Third Floor, in the New Twenty-Third Street Building,
wherein they are showing

Imported Model Gowns

For Street, Dinner and Evening Wear

from the leading Paris Modistes, which they have marked at
Exceedingly Low Prices.

Copies and Adaptations

will be made to order at Very Moderate Cost.

Trimmed Millinery

Later Importations of Model Hats

from the leading Paris Modistes, are being shown.

Also the new Flat Hats in velvet, for Dress and Street wear. Fur Hats in Skunk, Civet Cat, French Seal and Mole skin, also Austrian Velour Hats for street wear, in the most desirable colors, with the latest ornaments for trimmings; Gold and Silver Poke Bonnets for Evening Wear.

In addition a very desirable collection of

Hats for Street Wear

in Velvets, Felts and Velours,

from \$9.50 to 16.50

THIRD FLOOR

MAIN BUILDING

Oriental Rugs and Carpets

in their greatly enlarged departments occupying the entire Fourth
Floor of the New Building, they are prepared to show
large assortments of

Persian and Turkish Carpets

in the most desirable weaves and color combinations, in sizes appropriate for Parlor, Reception Room, Library, Dining Room, Bedroom and Halls.

Persian Carpets,

in Serape, Kashan, Gheorvan, Mahal,
at \$115.00, 145.00, 175.00 to 675.00

Asia Minor Carpets,

in Anatolian, Turcoman, Serape,
at \$95.00, 125.00, 155.00 to 325.00

Bokhara Carpets,

at \$225.00 to 325.00

Sarouk and Kirmanshah Carpets,

at \$285.00, 325.00, 450.00 to 1500.00

Antique and Modern Oriental Rugs,

at \$8.50, 12.50, 24.50 to 110.00

American Rugs

Wilton, Axminster, Smyrna, Brussels, Saxony and other well known
weaves, at prices exceptionally attractive.

Special Size Rugs Made to Order.

West 23d and 22d Streets

AMUSEMENTS.

HIPPODROME

AROUND THE WORLD
SERIES OF COMPLETE NEW Spectacles.

BROADWAY THEATRE, 41st St. NEXT SAT. NIGHT
Law Fields THE NEVER NOMES
Will present

PLAYHOUSE 48th St. B'way. Mat. Wed. & Sat. 2:30
To-morrow BOUGHT AND PAID FOR BY GEO.
Night 8:30. B'way. 8:30.

LYRIC 42nd St. B'way. Evenings 8:20
of B'way. Mat. Wed. & Sat. 2:30

EVERYWOMAN
Last Week "Everywoman" will terminate on
Sept. 26th, to be followed by Henry Kolker in
"The Great Game."

MAJESTIC 48th St. B'way. Mat. Wed. & Sat. 2:30
Kinecolor Motion Pictures
B'way & 48th. of the Corporation. 2:30-5:00.

COLONIAL Prince & Rajah, Paul
Dickey & Co. Cliff Gordon and
Others.

ALHAMBRA Irene Franklin, Billie
Hovey in "Night in an
English Music Hall," 8:30

BROOKLYN 30 Ave. EVERWIFE, Chas.
Marble, Jack Wilson &
Co., Charles Vance, oth.

HURTIG & SEAMON'S THE MAJESTICS
car equipment. The car building plants of
the country are almost cleared of work and
there is some close figuring on the business
offered. Plates have declined to \$1.25.
Usually they are quoted on a par with
structural. It is said Chicago mills have
made concessions on the base of \$1.20
Pittsburg.

Merchant steel bars have been offered at
\$1.15 in this territory and in Chicago at
\$1.10, Pittsburgh basing point. Bar manu-
facturers in many cases have been asked
by consumers having long time contracts
to make concessions and in some cases
orders have been issued to cancel contracts.
The steel mills have refused to cancel con-
tracts and allege that no orders are being
taken for extended deliveries at existing
low prices and that present prices are only

AMUSEMENTS.

WINTER GARDEN B'way & 50th St.
Beginning Wednesday Evening
GABY DESLYS 'REVUE OF REVUES

Maxine Elliott's Th. 39th St. B'way & 4th Ave. 8:30
Last Week CROSMAN in The Real Thing
Henrietta Matis Wed. & Sat. 2:30

GERTRUDE ELLIOTT in REBELLION
39th St. Th. 39th St. B'way & 4th Ave. 8:30
John Mason est. work. As a Man Think

MONDAY, OCT. 3 Seats
with HELEN LOWELL
and HARRY CONOR.

CARINO, B'way & 30th. Evs. 8:15. Mat. Wed. & Sat. 2:30
New Venues THE KISS WALTZ

HERALD 50 Kinecolor Motion Pictures
B'way & 50th. of the Corporation. 2:30-5:00.

WEST END, 125th St. W. of 4th Ave. Evs. 8:15
Mat. Wed. & Sat. 2:30. Pomander Walk The Comedy of
B'way & 50th. of the Corporation. 2:30-5:00.

LOW FIELDS Twice Daily, 2:30 and 8:30
Kinecolor Motion Pictures
B'way & 50th. of the Corporation. 2:30-5:00.

AMSTERDAM Rock & Fulton, Mont
42 St. Evs. 8:30 to 11:00. Mat. Wed. & Sat. 2:30
Daily Mat. 2:30-5:00. Hayes & Co. 19 others.

6TH AVE B'way ANNUAL WEEK
Daily Mat. 2:30-5:00. All the Old Favorites.

EDEN WORLD in W. A. S. President.
CINEMATOGRAPH Each Hour.
MUSKIE (Cinecolor) Groups and Pictures.

MURRAY HILL Mat. To-day Smiling Evs. 8:15
The Taxi Girls with Farrel Taylor Trio
COLUMBIA Baroque Mat. To-day, Evs. 2:30-5:00
B'way & 4th Ave. & Sat. Mat. 2:30 to 4:15. Smoking

for prompt deliveries.
Jobbers of merchant and line pipe have
sent in requests to pipe manufacturers to
maintain prices. They allege that increasing
the discounts on the card rate has in-
jured business, and as a result many orders
are being held up which would be placed
if the market showed more stability. The
National Tube Company has guaranteed
its customers against any decline until
October 1, when new card rates and dis-
counts are expected.

Old materials are selling from 25 to 30
cents below the market, with few buyers.
The Republic Iron and Steel Company is
buying from 10,000 to 12,000 tons a month